

BORNEO ISLAMIC AUTOMOBILE FINANCING: DO DEMOGRAPHICS MATTER?

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ABSTRACT

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As far as an Islamic automobile financing is concerned, this study aims at investigating the customers' perception on Islamic automobile financing based on individual differences. Interestingly, the study will employ the Malaysia Borneo's bank customers as a sample, where two cities were selected, Kota Kinabalu and Labuan. In order to examine the customers' perception, the study uses a quantitative approach to survey 128 Malaysia Borneo's bank customers. Based on the survey, a theoretical framework that explains the relationship between demographics and bank customers "awareness and usage", "banking methods option" as well as "information medium" could be presented. The findings indicate that there were significant differences between the selected demographics (i.e. age, marital status, gender, occupation, race, education and income level) and "awareness and usage" of Islamic automobile financing, "banking methods option" and "information medium". This study suffers from the limited literature review relevant to Islamic automobile financing. Therefore, this study will add to the limited knowledge available on Islamic automobile financing in Malaysia. Future research could benefit from this study results. This study provides guidelines to commercial banks on Islamic automobile financing offerings. This study is also useful for banks in structuring their Islamic automobile financing scheme by adjusting the mark-up, types of payment and gifts to reflect individual differences. It also suggests a new study related to Islamic automobile financing, which is limited in the previous studies.

Keywords: *Malaysia, bank customers, Borneo, automobile financing*

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1. Introduction

Over time, the Islamic banking system is gaining popularity to many countries, namely Australia, United States, United Kingdom and Singapore. Evidently, there is a product priority according to the society of a country, for example, in the United States there is a potential for Islamic home financing compared to business financing. In Malaysia, Islamic automobile financing is very lucrative as compared to other schemes. In more details, the study relevant to Islamic banking has been given a good consideration by many researchers (for example: Chiu et al., 2005; Dar, 2004; Mirza and Halabi, 2003; and Ebrahim and Joo, 2001). Islamic banking products have widely accepted and practiced with different level of development. Needless to say, the distribution of market share for Islamic banks in various countries were as followed: Malaysia 11.3 percent, Brunei 11.5 percent, Indonesia 1.26 percent, Kuwait 20 percent, Qatar 20 percent, Saudi Arabia 15 percent, Sudan 30 percent, and 10 percent for UAE, Jordan and Egypt (Akhtar, 2005).

Prior studies have shown limited attempts have been made in the area of Islamic automobile financing (for example: Dar, 2004; Hamid and Nordin 2001; Metawa and Almosawi, 1998; Gerrard and Cunningham, 1997; and Haron et al., 1994). In more details, Haron et al. (1994) examined the selection criteria of choosing Islamic banks, and found 63 percent of the bank customers know the difference between the conventional banking and Islamic banking systems. Dar (2004) examined the factors affecting the potential demand for Islamic financial services (a) demand for conventional financial services; (b) other concerns; (c) awareness of Islamic finance. None of these studies draw attention to study more specific to Islamic automobile financing from bank customers' point of view. In more details, this Islamic financing is divided into two types. The first type is referred to BBA automobile financing. The second type is named as an AITAB automobile financing. The former is only offered by Bank Islam Malaysia Berhad (BIMB) and whereas the latter offered by other banks such as Maybank, AmBank, Public Bank and Bank Muamalat Malaysia Berhad (BMMB), to verify a few.

There is a need, therefore to investigate Islamic automobile financing based on individual differences, in order to add the limited knowledge available in this area. The primary objectives of this study therefore are three fold: to examine the relationship between demographics and "awareness and usage"; to examine the relationship between demographics and "banking methods option"; and to examine the relationship between demographics and "information medium" for Islamic automobile financing'.

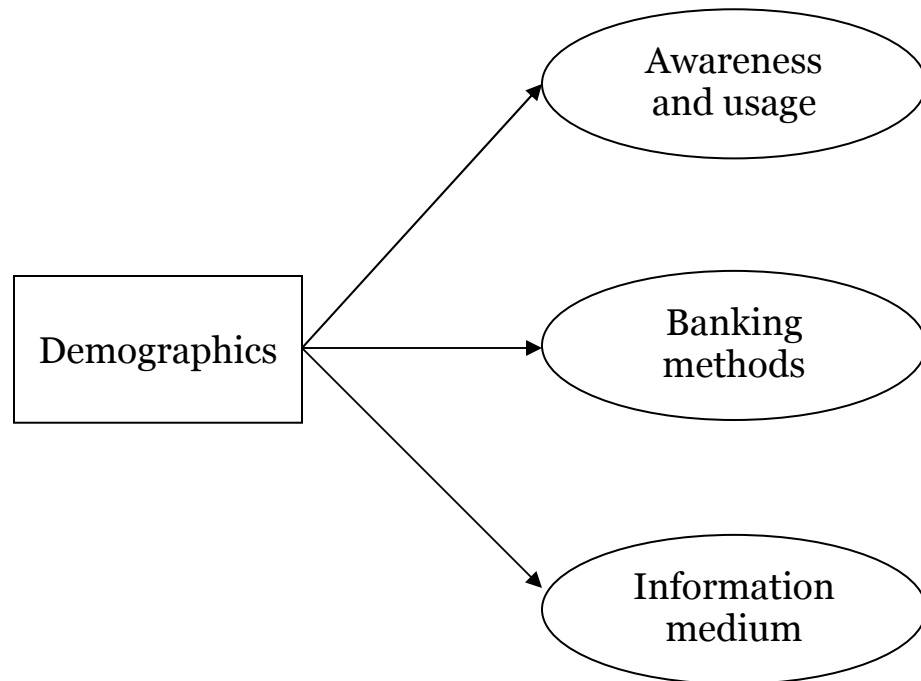
In the following, the paper proceeds with a research framework, followed by literature review. Section 4 will provide a discussion on research methods. Section 5 provides a discussion on results, followed by discussion of the results and practical implications. Finally, key conclusions are discussed, limitations and future research of the study are provided.

2. Research framework

The model of this study includes three aspects namely awareness and usage of Islamic banking products, banking methods option and information medium. The first component was obtained from four studies (Hamid and Nordin, 2001; Metawa and Almosawi, 1998; Gerrard and Cunningham, 1997; and Haron et al., 1994). The second component was obtained from Wendy, Chung and Cheris. (2005); Howcroft, Hamilton and Paul. (2002); Karjaluoeto et al. (2002) and Al-Ashban and Burney (2001). Finally,

the third component was obtained from two studies (Al-Ashban and Burney, 2001; and Nana-Owusu, 1999). Since this study relatively new, this study itself hopes to contribute significantly to increase the knowledge base available for Islamic banking product. Despite this limitation, this study has taken into account some relevant points from the earlier mentioned studies in order to propose the research model.

Figure 1: Research model



3. Literature review

3.1. Awareness and usage

Prior studies have shown Islamic automobile financing have not been explored (Hamid and Nordin, 2001; Metawa and Almosawi, 1998; Gerrard and Cunningham, 1997; and Haron et al., 1994). These studies confirm the need to explore customers of banks on Islamic automobile financing in Malaysia Borneo. Particularly, Hamid and Nordin (2001) examined that most of the bank customers were familiar with the general terms in Islam, but rarely understand the specific terms used for Islamic banking products. Obviously, this study found about 96.7 percent of the bank customers knew the existence of Islamic banking system in Malaysia, which is considered good since more information published related to Islamic banking products through newspapers and brochures. Lack of knowledge on Islamic banking products could be examined in BBA financing and Ijarah financing, with only 21.5 percent and 10.3 percent respectively. This study results also somewhat consistent with the earlier studies (Metawa and Almosawi, 1998; Gerrard and Cunningham, 1997). In the study of Metawa and Almosawi, bank customers not really aware on Islamic banking financing such as automobile financing with 30 percent knew the term. The results corroborate with the study by Gerrard and

Cunningham (1997). Naser, Jamal and Al-Khatib (1999) found the respondents were aware of specific Islamic terms of Murabahah, Mudarabah and Musharakah, but they were not using these specific types of Islamic banking. Furthermore, 35 percent and 27 percent of the respondents were totally unaware of Ijarah and Musana respectively. The results are thus partially in line with those reported by Gerrard and Cunningham (1997) whereby some Muslims show a total lack of awareness of the meaning of specific Islamic banking terms. This implies that Islamic banks operating both in Muslim and non-Muslim countries need to educate their Muslims clients about the Islamic terminology of banking.

Furthermore, Haron et al. (1994) examined that customers of Islamic banking institutions in Kedah and Perlis also revealed the same result as the earlier mentioned studies (Hamid and Nordin, 2001; Metawa and Almosawi, 1998; Gerrard and Cunningham, 1997). Indeed only 27.3 per cent of the Muslims have understood the differences between BIMB and conventional bank, while almost 70 per cent of the Muslims have not attempted to know about the differences. Furthermore, in the study of Kamal, Ahmad and Specifically, the utilization of Islamic financing schemes is still at infant stage among the bank customers. Therefore, by learning the results from these studies, we could extend their generalizability to Islamic automobile financing.

3.2. Banking channels adoption

Extensive research over the years provides evidence the linkage between banking channel and demographic components (Wendy et al., 2005; Howcroft et al., 2002; Karjaluo, Koivumaki and Salo, 2002; and Al-Ashban and Burney, 2001). Empirical evidence on the effect of demographic components on banking channels adoption has been documented by these studies. Wendy et al. (2005) examined that male bank customers were slightly more likely to use internet banking than female bank customers, for banking transactions such as for monthly installment. In terms of banking channel priority, ATM was ranked number one, followed by internet banking and branch banking. The result is somewhat supported by Karjaluo et al. (2002) who found ATM is first ranked, followed by PC banking and mobile banking. In the study of Howcroft et al. (2002), the individual in the ranged of 26-35 age groups most preferred to employ telephone banking in conducting banking transactions than branch or counter services banking. Indeed, this result is also corroborated by Wendy et al. (2005) who claimed the priority of individual aged 26-35 to consume electronic channels or e-channels such as telephone banking.

In the study of Al-Ashban and Burney (2001), adoption of tele-banking is positively associated with income and educational level. Similarly, customers who are younger, more educated and wealthier are more likely to use internet banking (i.e. Karjaluo et al., 2002; Mattila et al., 2003; Sathye, 1999). Furthermore, in the study of Jayawardhena and Foley (2000) and Karjaluo et al. (2002) found that there exist a positive causality between occupations, status and internet banking adoption. Therefore, by learning the results from these studies, we could extend their generalizability to Islamic automobile financing.

3.3. Information medium

Furthermore, prior studies have shown some evidences conducted in explaining the information medium that could be used to make people aware on new banking products, such as Islamic automobile financing. There are several relevant studies have used in the

present study (Mansor and Ghani, 2005; Al-Ashban and Burney, 2001; Nana-Owusu, 1999; and Metawa and Almosawi, 1998). There is no common agreement in these studies in their findings. A study by Mansor and Ghani (2005) found that bank brochures have played an important role in disseminating Islamic banking products while electronic mediums (i.e. internet, TV and radio comes second. This result is not consistent to what studied by Al-Ashban and Burney (2001). Al-Ashban and Burney (2001) examined that bank customers' like to have banking products through their direct contact (30.4 percent), by mail promotions (27.0 percent), or by friends (21.7 percent). On the other hand, Nana-Owusu (1999) found radio and TV are the most effective medium to disseminate banking information. Unlike Nana-Owusu (1999), Al-Ashban and Burney (2001) found otherwise, where the media includes TV plays passive role in dissemination banking information. This different could be based on the different level of telecommunication development in Saudi Arabia and Ghana. Furthermore Nana-Owusu (1999), found that those bank customers aged (18-39 years) and (40+ years) first heard about their banks through radio and television. On the contrary, Metawa and Almosawi (1998) found the significant role of "family and friends" in increasing the knowledge of the respondents on Islamic financing, thus affecting for adoption. These studies confirm the important of information medium option by bank customers, therefore, banks can take an appropriate medium in order to entertain the bank customers about banking products. Therefore, by learning the results from these studies, we could extend their generalizability to Islamic automobile financing.

4. Research methodology

4.1. Subjects

This study was conducted in Malaysia Borneo, in Labuan and Kota Kinabalu. For the research purpose, a convenience sampling was used, since it is against the Banking and Financial Institution Act (BAFIA) 1989 and Islamic Banking Act (IBA) 1983 to acquire a list of bank customers and contact numbers and addresses from banking institutions. The questionnaire was distributed to selected respondents of different banks. In order to qualify in participating in this research, the respondents must have an Islamic automobile financing either it is BBA or AITAB. The data collection method was based on personally administered questionnaire to the customers of banks in Malaysia Borneo. A total of 180 bank customers accepted survey form, out of which, only 128 (71 percent) usable responses were usable. The respondents are those who currently using Islamic financing for their automobile regardless either it is BBA or AITAB. By learning the sample, we could be able to draw conclusions that would be generalizable to the population of interest. The survey ran for three weeks of 6-working days during working hours in July 2005. Prior to conducting the survey, a written permission from the banks has been granted in order to ensure the survey can be conducted without restriction. The distribution of subjects in regards to age, marital status, gender, occupation, race, education and income level correspond to that of the general customers of Islamic banking institutions' population. Sample demographics are displayed in Table 1.

Table 1: Demographics

	Respondents	Frequency
Age	N	%
Less than 25	1	0.80
Between 25-35	110	85.9
Between 36-50	9	7.00
More than 50	8	6.30
Marital status		
Single	48	37.50
Married	80	62.50
Gender		
Male	104	81.25
Female	24	18.75
Occupation		
Government	83	64.84
Private	38	29.69
Other	7	5.47
Race		
Malay	33	25.78
Chinese	17	13.28
Indian	8	6.25
Bajau-Suluk	16	12.5
Kadazandusun	54	42.19
Education		
PMR/SRP*	8	6.25
SPM/MCE**	9	7.03
STPM/HSE**	10	7.81
Diploma	17	13.28
Bachelor and higher	84	65.63
Income level		
Less than 500	1	0.83
RM501-RM1,000	9	7.03
RM1,001-RM1,500	24	18.75
RM1,501-RM2,000	34	26.56
More than RM2,000	60	46.88

Notes:

*PMR/SRP is a public examination for form three (3)

**SPM/MCE is a public examination for form five (5)

***STPM/HSE is a public examination for form six (6)

Overall, the majority of the respondents were from those bank customers aged (25-35) with 85.9 percent; followed by those who aged (36-50 and above) with 13.30 percent; and 0.80 percent were aged (less than 25). Indeed, 81.25 percent of the 128 sampled bank customers were male and 62.5 percent were married. With regard to occupation, 64.84 percent of the respondents worked as civil officers; 26.69 percent were private institutions workers; and 5.47 percent were self-worked. By race, 25.78 percent of the respondents were Malays; 13.28 percent were Chinese; 6.25 percent were Indian; 12.5 percent were Bajau-Suluk; and the majority of the respondents were from Kadazandusun

with 42.19 percent. Of the respondents, 65.63 percent had completed bachelor and higher education; Diploma with 13.28 percent; 7.81 percent were STPM/HSE holders; 7.03 percent were SPM/MCE holders; and 6.25 percent for PMR/SRP holders. With regard to income level, the majority of respondents were from those who earned more than RM2,000 per month; followed by 26.56 percent of the respondents who earned RM1,501-RM2,000; 18.75 percent were those who earned RM1,001-RM1,500; 7.03 percent were those who earned RM501-RM1,000; and about 0.83 percent of the respondents earned less than RM 500 a month.

4.2. Measurement

The study is using questionnaire in order to get bank customers feedback on Islamic automobile financing. The questionnaire contains four sections: the first section was designed to gather the respondents' personal and demographic characteristics. The second part was designed to gather the respondents "awareness and usage" for Islamic automobile financing. The items used in this section are improved and modified from Hamid and Nordin (2001); Metawa and Almosawi (1998); Gerrard and Cunningham (1997); and Haron et al. (1994). The third part was designed to gather the respondents' banking methods option to pay their monthly installment of their automobile financing. The items used in this section are improved and modified from Wendy et al. (2005); Howcroft et al. (2002); Karjaluoto et al. (2002); and Al-Ashban and Burney (2001). The last part was designed to gather the respondents' priority for an information medium that could develop their awareness on Islamic automobile financing. The items used in this section are improved and modified from Al-Ashban and Burney (2001); and Nana-Owusu (1999).

The measurements employed are different for section II, III and IV. For awareness and usage, we asked respondents to state their awareness and usage using (1=Yes, 2= No) for all statements in this section. For banking methods option, we asked respondents to circle their banking channel preference (a. ATM payment, b. Counter Services, etc). Lastly, for information medium concepts, we asked respondents to rate their level of agreement with statements using 5-point scales ranging from "1=Very much less effective" to "5=Very much effective".

This study used SPSS 12.0 to analyze the findings. Indeed, a number of one-way ANOVA tests were performed in order to validate any significant relationship between demographics with individuals' view based on "awareness and usage", "banking methods option" and "information medium". The reason of using ANOVA is because analysis of variance is the procedure used when we want to investigate situations where there are more than two levels of the independent variable. Stated another way, when there are more than two groups, and we would like to compare their performance across a dependent variable use ANOVA. Using ANOVA, we determine if the groups differ on some continuous variable of interest. When using ANOVA, you are able to set one alpha level and test if any of the groups differ from one another. If you reject the null hypothesis, you know there is a difference.

5. Results

In statistical tests, the rule is simple. In the one-way ANOVA as used in this analysis, if the observed F value is greater than the critical F value. Therefore, the null hypothesis is rejected. Not all means are equal, so there is a significant difference in the mean of selected variables for analysis.

Table 2: ANOVA results

	<i>Awareness and usage</i>	<i>Banking option</i>	<i>methods</i>	<i>Information medium</i>
Age	$F=1.861$ (0.140. ns)	$F=2.117$ (0.101.ns)		$F=15.345$ (0.000***)
Marital status	$F=1.794$ (1.83.ns)	$F=30.205$ (0.000***)		$F=2.394$ (0.124.ns)
Gender	$F=6.098$ (0.015**)	$F=19.814$ (0.000***)		$F=0.044$ (0.835.ns)
Occupation	$F=0.470$ (0.626.ns)	$F=0.251$ (0.778.ns)		$F=0.025$ (0.967.ns)
Race	$F=18.096$ (0.000***)	$F=12.953$ (0.000***)		$F=0.507$ (0.678.ns)
Education	$F=26.555$ (0.000***)	$F=14.200$ (0.000***)		$F=20.159$ (0.000***)
Income level	$F=25.034$ (0.000***)	$F=2.816$ (0.000***)		$F=7.236$ (0.000***)

Notes:

*** Significant at 1 percent level

**Significant at 5 percent level

5.1. Awareness and usage

The differences in demographics and the respondents “awareness and usage” of Islamic automobile financing was tested with one-way ANOVA shown in Table II. Results imply not statistically significant differences ($p>0.05$) in age ($F=1.861$), marital status ($F=1.794$) and occupation ($F=0.470$). These observed F values are lower than the critical F values, 2.60, 3.84 and 3.00 respectively.

In contrast, results imply statistically significant differences ($p<0.05$) in gender ($F=6.098$), race ($F=18.096$), education ($F=26.555$) and income ($F=25.034$). These observed F values are greater than the critical F values, 3.84, 2.60, 2.37 and 2.21, respectively. Not all means are equal, so there are significant differences in the means of the significant socio-demographic elements.

The current study results indicated a good awareness and usage for BBA and AITAB financing schemes. For instance, about 79.3 percent and 74.5 percent of the respondents knew about BBA and AITAB financing respectively. The result also suggests a good use of the schemes, 70.7 percent and 67.6 percent for BBA and AITAB financing respectively.

Banking methods option

Results imply statistically significant differences ($p<0.05$) in marital status ($F=30.205$), gender ($F=19.814$), race ($F=12.953$), education ($F=14.200$) and income ($F=2.816$). In more details, female respondents expressed a higher priority for automobile financing monthly payment via ATM (8 persons), and counter services (16 persons) whereas male respondents preferred use counter services (74 persons) rather than other means.

Currently the respondents involved in this study have preference to use the “counter services” rather than other means with 70.31 percent or 90 persons use this facility for

monthly payment of automobile financing. The next method seems popular is “other methods” include the salary deduction, bank draft, third party assistance (i.e. relatives who pay monthly installment) as well as using cheque as a material of payment. Comparatively, the results imply not statistically significant differences ($p > 0.05$) in age ($F=2.117$), and occupation ($F=0.251$). These observed F values are lower than the critical F values, 2.60 and 3.00 respectively. By age, this might be attributed to the small proportion of other age groups (i.e. less than 25, 36-50 and 50 and above) as compared to the age group from 25 -35 year old. In addition, the lowest preference for telephone banking usage was among those consumers aged 25-35 years old, who expressed the highest preference for using counter services.

5.2. Information medium

A number of differences were apparent in this section mainly for age ($F=15.345$), education ($F=20.159$) and income ($F=7.236$). Whereas a number of not differences were also apparent in this section mainly for marital status ($F=2.394$), gender ($F=0.044$), occupation ($F=0.025$) and race ($F=0.507$). The former indicates that the null hypothesis is rejected at 0.05, means not all means are equal, so there is a significant difference in the mean of selected variables for analysis. The latter purports that, the null hypothesis is accepted at 0.05, which means all means are equal.

In this part, the respondents prefer use TV as a medium of information rather than other medium (i.e. seminar and magazine to name a few) with mean ($M=4.21$) followed by relatives ($M=3.80$).

Overall, the results clearly address the individuals' difference for Islamic automobile financing in terms of demographics. There are individual differences have found in this study, which means that they have difference in terms of “awareness and usage”, “banking methods option” and “information medium”.

6. Discussion

6.1. Awareness and usage

Results imply not statistically significant differences in age, marital status and occupation. The results clearly purport that the Islamic banks manager may assume that consumers are homogeneous in terms of their “awareness and usage” as corroborated by age, marital status and occupation. Furthermore statistically significant differences were found in gender, race, education and income.

The results of understanding the general term of “Islamic bank” in these studies was common among the respondents (Hamid and Nordin, 2001; Metawa and Almosawi, 1998; Gerrard and Cunningham, 1997; and Haron et al., 1994) but when the respondents asked the specific terms such as BBA or AITAB the results very hopeless. However the present study results revealed an increment in the awareness and usage for BBA and AITAB financing schemes. For instance, about 79.3 percent and 74.5 percent of the respondents knew about BBA and AITAB financing respectively. The result also suggests a good use of the schemes, 70.7 percent and 67.6 percent for BBA and AITAB financing respectively. Comparatively, our findings are thus contradicted with those reported by (Metawa and Almosawi, 1998; and Gerrard and Cunningham, 1997) whereby some Muslims show a total lack of awareness of the meaning of specific Islamic banking terms. In more details, Naser et al. (1999) reported that some Muslims were aware on Islamic

banking terms (i.e. Murabahah, BBA and Ijarah) but a limited number of the respondents indicated that they used them.

Evidently, growing information on Islamic banking products in the information medium (i.e. newspaper and TV) has caused the positive results as attained in this study.

6.2. Banking methods option

Results imply statistically significant differences in marital status, gender, race, education and income. These results indicate a different view, for instance the large proportion of male in the sample of this study may contribute the significant difference for gender. These results are consistent with the study by Wendy et al. (2005) where partially four major banking namely counter service/branch banking, ATM, telephone banking and internet banking are significantly difference according to gender and education level applied into this study results.

In more details, the lowest preference for telephone banking usage was among those consumers aged 25-35 years old, who expressed the highest preference for using counter services. This result is inconsistent with Howcroft et al. (2002) who claimed that the lowest preference for branch usage was among those consumers aged 26-35 years old, but high preference for telephone banking.

6.3. Information medium

The findings indicate that the respondents prefer use TV as a medium of information rather than other medium (i.e. seminar and magazine to name a few). This is due to the fact that both of the mediums are having a wide range of coverage as well as known as cheaper sources of information. This result is inconsistent with the study by Mansor and Ghani (2005) who claimed the important of bank brochures instead of TV in dissemination banking information or product. However, the result is corroborated by Nana-Owusu (1999), who claimed that TV and relatives are the effective media informing those individuals aged 18-39 years old as well as those aged more than 40 years old. This result basically is contradict with the study conducted by Al-Ashban and Burney (2001) who claimed that media (TV) played a minor role in promoting banking information to public, where direct contact from bank was obvious interesting. In sum, a different banking environment may produce a different outcome of medium of information dissemination for banking products and services, which suggests different perceptions as revealed in this study.

7. Research implications

The implications of this study are threefold. From a theoretical standpoint, the results presented contributed to the existing literature relevant to Islamic banking studies. The study contributes to Islamic automobile financing by providing insight on demographic components and perceptions, which are gauged as “awareness and usage”, “banking channels adoption” and “information medium”.

From a managerial perspective, the results provider bank managers about the planning of marketing program in attracting customers of banks to consume Islamic automobile financing. Bank managers must adjust their marketing programs according to the differences in gender, race and education. This means a different approach to build product awareness based on these elements are needed to construct where the taste and attitude are encouragingly dissimilar. As bankers, they must assess the financing

payment scheme which is utilized by bank customers, therefore focus on the betterment of the system. In more details, this study partially also supported by Al-Ashban and Burney (2001) mainly for the respondents perception on banking method based on education level, but this present study result also does not parallel with Al-Ashban and Burney (2001) for age comparison.

In addition, banks should now concentrate their advertising more on demographic-based advertisement. Catch all marketing program for the differences may not sufficient for bank customers' deployment. Therefore, offering different marketing program is required for different demographic components. For instance, banks could entertain their customers, by advertising that Kancil (the Malaysia national car) is for appropriate for female than male. Hence, brochures and mass media must reflect the better position of this car for female bank customers.

In sum, the results of this study show that banks should adjust their marketing program according to demographic differences. By adjusting the marketing program according to the differences, it may helpful to better target the need of bank customers for Islamic automobile financing. What is realistic here is that banks cannot assume that consumers are homogeneous in terms of their perspective for Islamic automobile financing. Therefore, further adjustment in promotion program is required to make potential bank customers aware and subsequently consume Islamic automobile financing.

8. Concluding remarks

The objective of this study is to examine the relationship of the demographics with 'awareness and usage', 'banking methods option' and 'information medium' for Islamic automobile financing in Malaysia Borneo. The results show that demographics (i.e. age, marital status, gender, occupation, race, education and income level) are good indicators in explaining individual differences for Islamic automobile financing. From ANOVA tests, these demographics are revealed the significant difference for 'awareness and usage', 'banking methods option' and 'information medium' at their different level of confidence (i.e. 1 percent and 5 percent).

This suffers from two limitations relating to data collection and results' interpretation. First, the relatively small size of the sample (128) limits generalization of the research outcomes. Relative to the number of bank patrons in Labuan and Kota Kinabalu who are currently using Islamic automobile financing, the sample size achieved in the present study is small. Nevertheless, since this research is exploratory, this limitation creates an opportunity for future research. By escalating the sample size and testing this model more extensively, this future research would be more generalizable. Second, this study has been conducted in Islamic banking institutions of two cities only. As a result, the generalisability of the findings might be limited. Additional research across different cities in other cities will be required in order to generalize the findings.

Future research could re-organize the model by increasing the sample size. This understanding will assist in adding the limited knowledge presently available about Islamic automobile financing in Malaysia context. Lastly, future research should conduct research across different cities. For instance, future research should incorporate Miri and Kuching in Sarawak. Choosing these cities are due to their have well-established Islamic banking institutions and automobile dealers. In addition, future research can also incorporate the other cities in Peninsular of Malaysia, such as Kuala Lumpur and

Putrajaya, to name a few.

Finally, the paper should be a revelation for both the researchers and practitioners that Islamic automobile should be promoted based on individual differences, that allows to create demand from bank customers in the future.

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APPENDIX 1: RESEARCH INSTRUMENT

Second part: Awareness and usage

(Please state your knowledge and usage: 1=Yes, 2=No)

[Sources: Hamid and Nordin (2001); Metawa and Almossawi (1998); Gerrard and Cunningham (1997) and Haron *et al.* (1994)]

1. Do you know what is an Islamic bank?
2. Do you know what is an Islamic automobile financing?
3. Do you know what is BBA Islamic automobile financing?
4. Have you used BBA Islamic automobile financing for your automobile?
5. Do you know what is AITAB Islamic automobile financing?
6. Have you used AITAB Islamic automobile financing for your automobile?
7. Are you using an Islamic automobile financing in Islamic bank such as BIMB and BMMB?
8. Are you using an Islamic automobile financing in conventional banks that offer Islamic banking products?

Third part: Banking methods option

(Please circle the payment method for your automobile financing?)

[Sources: Wendy *et al.* (2005); Howcroft *et al.* (2002); Karjaluoto *et al.* (2002) and Al-Ashban and Burney (2001)]

1. ATM Payment
2. Counter Services
3. Internet Banking
4. Phone Banking
5. Bank by Mail
6. Other methods

Fourth part: Information medium

(Please scale the following, which may escalate your information on Islamic automobile financing

: 1=Very much less effective, 5=Very much effective)

[Sources: Al-Ashban and Burney (2001) and Nana-Owusu (1999)]

1. Seminar/speech
2. Television
3. Radio
4. Internet
5. Brochures
6. Newspaper in English
7. Newspaper in Malay
8. Magazine
9. Relatives